

Hearing Date: January 31, 2008  
Hearing Time: 10:00 a.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

|                                     |   |                         |
|-------------------------------------|---|-------------------------|
| -----                               | x |                         |
|                                     | : |                         |
| In re                               | : | Chapter 11              |
|                                     | : |                         |
| DELPHI CORPORATION, <u>et al.</u> , | : | Case No. 05-44481 (RDD) |
|                                     | : |                         |
| Debtors.                            | : | (Jointly Administered)  |
|                                     | : |                         |
| -----                               | X |                         |

DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO  
PROOF OF CLAIM NUMBER 1790 (KEY SAFETY SYSTEMS & SUBSIDIARIES)

("STATEMENT OF DISPUTED ISSUES – KEY SAFETY SYSTEMS & SUBSIDIARIES")

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement Of Disputed Issues (the "Statement Of Disputed Issues") With Respect To Proof Of Claim Number 1790 filed by Key Safety Systems & Subsidiaries ("Key Safety Systems") and respectfully represent as follows:

Background

1. On October 8 and 14, 2005 (the "Petition Date"), the Debtors, filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended, in the United States Bankruptcy Court for the Southern District of New York.
2. On January 31, 2006, Claimant filed proof of claim number 1790 (the "Proof of Claim") against DAS LLC. The Proof of Claim asserts an unsecured non-priority claim in the amount of \$195,077.21 for the sale of goods (the "Claim").
3. On May 22, 2007, the Debtors objected to the Proof of Claim pursuant to the Debtors' Fifteenth Omnibus Objection (Substantive) Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Insufficiently Documented Claims, (B) Claims Not Reflected On Debtors' Books And Records, (C) Untimely Claims And Untimely Tax Claim, And (D) Claims Subject To Modification, Tax Claims Subject To Modification, And Modified Claims Asserting Reclamation (Docket No. 7999) (the "Fifteenth Omnibus Claims Objection").
4. On June 21, 2007, Key Safety Systems filed its Response Of Key Safety Systems, Inc. To The Debtors' Fifteenth Omnibus Objection (Substantive) To Claims (Docket No. 8376) (the "Response").

Disputed Issues

A. DAS LLC Does Not Owe Key Safety Systems The Amount Asserted In The Proof Of Claim

5. Key Safety Systems asserts in the Proof of Claim that DAS LLC owes Key Safety Systems a total of \$195,077.21 for goods sold. DAS LLC has reviewed the documentation attached to the Proof of Claim and the Response and disputes that it owes the amount asserted in the Proof of Claim because Key Safety Systems has not provided proof of delivery and has not adequately accounted for debits taken by DAS LLC.

6. Proofs of Delivery Not Provided. Key Safety Systems claimed \$115,164.73 in amounts owed based on the sale of goods for which it did not provide proofs of delivery. Delphi's General Terms And Conditions governing its dealings with suppliers require that suppliers "promptly forward the original bill of lading or other shipping receipt with respect to each shipment as Buyer instructs." See General Terms And Conditions, § 2.1. DAS LLC has no record of receiving the goods associated with Invoice Nos. 16821693, 16821766, 16821696, 16825607, 16868927/28, 16868925/26, and 1687075/76. Because Key Safety Systems has not provided these proofs of delivery with respect to the goods associated with Invoice Nos. 16821693, 16821766, 16821696, 16825607, 16868927/28, 16868925/26, and 1687075/76, \$115,164.43 asserted with respect to these invoices should not be included in the claim.

7. Debit Amounts. The Proof of Claim does not reflect debits to DAS LLC accounts amounting to \$7,436.80, including a \$7,193.60 debit for an invalid invoice.

8. After taking into account the above-referenced deductions to the Proof of Claim, the Debtors reconciled the Proof of Claim as illustrated in the following chart:

|                                   |                                    |                |
|-----------------------------------|------------------------------------|----------------|
| <u>Claimant's Asserted Amount</u> |                                    | \$195,077.21   |
| <u>Modifications</u>              | Invoices Without Proof of Delivery | (\$122,601.23) |
|                                   | Debit Amounts                      | (\$7,436.80)   |
| <u>Reconciled Amount</u>          |                                    | \$72,475.98    |

9. DAS LLC does not dispute the remaining \$72,475.98 of the Claim and requests that the Claim be reduced to a general unsecured non-priority claim against DAS LLC in an amount not to exceed \$72,475.98.

10. The Proof of Claim did not indicate a debtor entity, consequently Delphi was named as the debtor by default. The proper debtor entity is DAS LLC.

Reservation Of Rights

11. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim(s) and (b) the Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim(s).

WHEREFORE the Debtors respectfully request that this Court enter an order (a) reducing the Proof of Claim to an amount not to exceed \$72,475.98, subject to (y) Key Safety

Systems' right, pursuant to section 503(b) of the Bankruptcy Code, to seek administrative priority status for \$3,803.60 of Claim 16612 on the grounds that MTI has a valid reclamation claim in the amount of \$3,803.60 and (z) the Debtors' right to seek, at any time, a judicial determination that the Reserved Defenses are valid, and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York  
December 4, 2007

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